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DMHC Approves Centene's Acquisition of Health Net

(Sacramento) – California Department of Managed Health Care (DMHC) Director Shelley Rouillard approved Centene's acquisition of Health Net.

"As the largest health plan regulator in California our focus is to ensure the strong consumer protections and financial solvency requirements under the Knox-Keene Act are upheld," said Director Shelley Rouillard.

The DMHC examines proposed health plan mergers to ensure enrollee health care rights are protected and that enrollees have continued access to appropriate health care services.

The DMHC's approval includes several conditions that will improve access and quality of care, and protect the health care rights of enrollees.

"The Department's conditions will improve both plan performance and care for California's members," continued Rouillard. "In addition to the plans agreeing to invest in our health care delivery system to better serve consumers, I am pleased to announce Health Net's headquarters and key operations will remain in California. I also applaud Centene's commitment to our state by building a new service center in California."

Among the conditions the DMHC imposed, which are referred to as undertakings, the plans agree to:

- Keep key functions and operations performed under Health Net in California, including maintaining Health Net's headquarters in the state.
- Improve enrollee quality of care measured through rating and oversight programs under the DMHC, Department of Health Care Services (DHCS) and Office of the Patient Advocate.
- Contribute \$65 million to improve enrollee health outcomes, support locally-based consumer assistance programs and strengthen the health care delivery system. On top of the \$65 million, Centene will invest \$75 million in California's health care infrastructure for underserved groups.
- Build a service center in an economically distressed community in California employing at least 300 people. Centene will invest \$200 million in support of building the service center and creating new jobs.

The DMHC undertakings are available here:

www.dmhc.ca.gov/Portals/0/AbouttheDMHC/NewsRoom/u032216.pdf.

Background:

The plans filed the proposed acquisition with the DMHC on August 10, 2015. The Department conducted a thorough review of the proposed transaction, and examined the plans' organizational and corporate structures, administrative capacity changes, health care delivery system changes, product or subscriber changes, the effect of the transaction on the financial viability of the plans, the financing for the transaction and its impact on consumers.

The DMHC held a public meeting on December 7, 2015 regarding the merger. The meeting provided an opportunity for members of the public to comment and for Centene and Health Net to publicly explain the transaction.

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About DMHC:

The DMHC protects the health care rights of more than 25 million Californians and ensures a stable health care delivery system. The Department has helped more than 1.7 million Californians resolve health plan problems through the Help Center. Information and assistance is available at www.HealthHelp.ca.gov or by calling 1-888-466-2219.